

Office of the
Legislative Fiscal Analyst

FY 2002 Budget Recommendations

Joint Appropriations Subcommittee for
Community Development and Human Resources

Department of Community and Economic Development
Travel Council

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1.0 Summary: Travel Council

The Council develops the State's economy through tourism.

	Analyst FY 2002 Base	Analyst FY 2002 Changes	Analyst FY 2002 Total
Financing			
General Fund	\$4,007,100	\$0	\$4,007,100
General Fund, One-time		200,000	200,000
Transportation Fund	118,000		118,000
Dedicated Credits Revenue	266,900		266,900
Transfers - Department of Community an	(91,400)		(91,400)
Beginning Nonlapsing	43,100		43,100
Closing Nonlapsing	(43,100)		(43,100)
Total	\$4,300,600	\$200,000	\$4,500,600
Programs			
Travel Administration	\$1,747,000	\$200,000	\$1,947,000
Internal Development	1,648,700		1,648,700
External Development	904,900		904,900
Total	\$4,300,600	\$200,000	\$4,500,600
FTE/Other			
Total FTE	24.0		24.0
Vehicles	2		2

2.0 Issues: Travel Council

2.1 Tourism Marketing Performance

The Tourism Marketing Performance Fund law requires that if the department determines the industry's economic growth exceeds the previous year's taxable sales by 4percent, the Legislature shall appropriate \$200,000 for the upcoming fiscal year.

General Fund\$200,000

2.2 Olympic Related Promotion

More than two years before Atlanta's Olympics, Georgia budgeted \$9,000,000 for an advertising campaign designed to establish and enhance the state's image and improve travel and tourism. Five years after the Olympics, Georgia's tourism had doubled. Taking advantage of the Olympics to promote Utah is a once-in-a-lifetime opportunity. The Analyst would recommend \$2,000,000 in ongoing funds if funds were available. While the Olympics only last a few days, this is a multi-year project. This and a similar appropriation to Economic Development are the Analyst's highest priorities.

3.0 Programs: Travel Council

3.1 Strategic Development (Administration)

Recommendation The Analyst recommends \$1,947,000.

	2000	2001	2002	Est/Analyst
Financing	Actual	Estimated	Analyst	Difference
General Fund	\$1,717,300	\$1,752,200	\$1,747,000	(\$5,200)
General Fund, One-time		678,700	200,000	(478,700)
GFR - Tourism Marketing Performance	200,000			
Olympic Special Revenue	500,000	500,000		(500,000)
Transfers	344,000			
Beginning Nonlapsing	12,000			
Total	\$2,773,300	\$2,930,900	\$1,947,000	(\$983,900)
Expenditures				
Personal Services	\$357,100	\$390,600	\$382,000	(\$8,600)
In-State Travel	11,800	13,300	13,300	
Out of State Travel	22,900	22,800	22,800	
Current Expense	2,318,900	2,371,400	1,446,100	(925,300)
DP Current Expense	100			
Other Charges/Pass Thru	62,500	132,800	82,800	(50,000)
Total	\$2,773,300	\$2,930,900	\$1,947,000	(\$983,900)
FTE/Other				
Total FTE	6.0	6.0	6.0	
Vehicles		2	2	

Purpose

Administration provides leadership and financial, accounting, and personnel services to the rest of the division. They are responsible for Advertising, and Research and Development. Their board is paid from this budget.

*Building Block:
Tourism Marketing
Performance*

The Tourism Marketing Performance Fund is found in UCA 9-2-1701 to 1705. It states that if the department determines the industry's economic growth exceeds the previous year's taxable sales by four percent, the Legislature shall appropriate \$200,000 for the upcoming fiscal year.

The Analyst recommends \$200,000 in one-time General Fund to comply with the law. The procedure is that the Legislature appropriates to the fund and when the Tax Commission certifies that the industry has met the Legislature's goals, the Division can then draw down the funds.

General Fund (one-time)\$200,000

The code also requires that 75 percent be spent on marketing and 25 percent on infrastructure. The Analyst recommends that the portion dedicated to infrastructure be spent on state infrastructure needs and not on "Destination Development" type projects since the Legislature discontinued that program.

*Building Block:
Promote Utah
through Olympics*

More than two years before Atlanta's Olympics, Georgia budgeted \$9,000,000 for an advertising campaign designed to establish and enhance the state's image and improve travel and tourism. Five years after the Olympics, Georgia's tourism had doubled. Taking advantage of the Olympics to promote Utah is a once-in-a-lifetime opportunity. The Analyst would recommend \$2,000,000 in ongoing funds if funds were available. While the Olympics only last a few days, this is a multi-year project. This and a similar appropriation to Economic Development are the Analyst's highest priorities.

**Performance
Measure Intent**

The Legislature intends that the Division develop performance measures for each program and where possible prepare a five-year history of those measures for the FY 2002 session.

Activities

	FY 2000	FY 1999	FY 1998
Website Visits	2,400,000	2,000,000	1,700,000
Page Views	16,400,000	9,800,000	690,000
Phone Calls	57,152	65,412	52,000
Welcome Center Visitors	731,583	733,165	763,847
Mailed Fulfillment	104,615	129,755	146,276

The table above shows significant use of the internet with corresponding decreases in mailed fulfillment.

The Division is implementing a five point Olympic Legacy Plan which will use co-branding partnerships with corporate sponsors, facilitation of stories for non-accredited media, educating Utahns about hospitality, enhanced visitor information services, and a capital attraction campaign.

The Utah Media Center will provide journalists with story ideas, contacts, familiarization tours, information, and images about Utah, Salt Lake City and Park City before during and after the Winter Games.

The Division shot hundreds of hours of video throughout Utah for broadcast use before and during the Olympic Winter Games. They also developed a spring photo CD for media use. They are developing a Fall/Winter photo CD.

The Travel Council has helped get articles about Utah in:

Germany: *Audi Owners* magazine, *Bild Atlas Guide to the Southwest*, ZDF television featuring a 45 minute travelogue on the Park City area.

Italy: *MediaSet* television network program on Utah.

Japan: NHK television network coverage of cultural events and destination footage.

United Kingdom: *Evening Standard* article on Park City area resorts, *Food & Travel* magazine, *Sunday Times* coverage of mountain biking in Moab, *Eyewitness Travel Guide* on the Southwestern U. S., *Mail on Sunday* profile of Southern Utah.

The primary marketing target is men and women, ages 25-54, with children, living in the western U. S. with household incomes of a least \$75,000. The secondary market is the same people in the rest of the U. S. and the world.

The Travel Council's Olympic research effort includes an international image and awareness survey conducted in six key European markets and additional surveys are underway in Japan and Argentina.

3.2 Internal Development

Recommendation The Analyst recommends \$1,648,700.

	2000	2001	2002	Est/Analyst
Financing	Actual	Estimated	Analyst	Difference
General Fund	\$1,442,000	\$1,365,100	\$1,355,200	(\$9,900)
Transportation Fund	118,000	118,000	118,000	
Dedicated Credits Revenue	292,000	266,900	266,900	
Transfers - Department of Community an	17,800	(91,400)	(91,400)	
Beginning Nonlapsing	50,300	43,100	43,100	
Closing Nonlapsing	(43,100)	(43,100)	(43,100)	
Total	\$1,877,000	\$1,658,600	\$1,648,700	(\$9,900)
Expenditures				
Personal Services	\$417,600	\$560,400	\$550,500	(\$9,900)
In-State Travel	1,200	1,600	1,600	
Out of State Travel	3,200	6,100	6,100	
Current Expense	1,199,200	891,200	891,200	
DP Current Expense	25,200	19,300	19,300	
Other Charges/Pass Thru	230,600	180,000	180,000	
Total	\$1,877,000	\$1,658,600	\$1,648,700	(\$9,900)
FTE/Other				
Total FTE	10.0	13.0	13.0	

Purpose This program oversees the Welcome Centers, information services, travel publications, and publicity.

Activity The Call Center operation at Utah Correctional Industries was discontinued for security reasons. The Division assumed the responsibilities and has hired three new employees in FY 2001. (See supplemental section)

3.3 External Development

Recommendation

The Analyst recommends \$904,900.

	2000	2001	2002	Est/Analyst
Financing	Actual	Estimated	Analyst	Difference
General Fund	\$788,700	\$911,300	\$904,900	(\$6,400)
Transfers - Department of Community an	(54,800)			
Beginning Nonlapsing	44,000			
Total	\$777,900	\$911,300	\$904,900	(\$6,400)
Expenditures				
Personal Services	\$193,400	\$301,000	\$294,600	(\$6,400)
In-State Travel	1,400	1,500	1,500	
Out of State Travel	32,000	31,500	31,500	
Current Expense	547,300	577,300	577,300	
DP Current Expense	1,800			
Other Charges/Pass Thru	2,000			
Total	\$777,900	\$911,300	\$904,900	(\$6,400)
FTE/Other				
Total FTE	5.0	5.0	5.0	

Purpose

This program seeks to develop tourism from outside Utah.

Activity

The Division set the goal of tripling the output of stories written and broadcast about Utah. To that end they have hired the public relations firm, Hill & Knowlton. They will pay for this new \$300,000 annual expense by reducing the trade marketing and trade-show budgets. Additional expenses include an additional FTE to help with the increased media requests and familiarization tours. Part of that increase comes from SLOC which cannot fulfill all the media requests they get for venue tours. Hill and Knowlton also serves as a matchmaker for strategic advertising alliances.

4.0 Additional Information

4.1 Funding History

	1998	1999	2000	2001	2002
Financing	Actual	Actual	Actual	Estimated	Analyst
General Fund	\$3,844,300	\$3,926,000	\$3,948,000	\$4,028,600	\$4,007,100
General Fund, One-time				678,700	200,000
Transportation Fund	118,000	118,000	118,000	118,000	118,000
Dedicated Credits Revenue	263,600	251,400	292,000	266,900	266,900
GFR - Mineral Bonus	100,000				
GFR - Tourism Marketing Performance			200,000		
Olympic Special Revenue			500,000	500,000	
Transfers		100,000	344,000		
Transfers - Department of Community an			(37,000)	(91,400)	(91,400)
Beginning Nonlapsing	10,600	37,100	106,300	43,100	43,100
Closing Nonlapsing	(37,100)	(106,300)	(43,100)	(43,100)	(43,100)
Total	\$4,299,400	\$4,326,200	\$5,428,200	\$5,500,800	\$4,500,600
Programs					
Travel Administration	\$240,600	\$1,796,300	\$2,773,300	\$2,930,900	\$1,947,000
Planning and Research	209,700				
Internal Development	2,024,400	1,734,200	1,877,000	1,658,600	1,648,700
External Development	560,300	795,700	777,900	911,300	904,900
Advertising	1,100,800				
Destination Development	163,600				
Total	\$4,299,400	\$4,326,200	\$5,428,200	\$5,500,800	\$4,500,600
Expenditures					
Personal Services	\$918,300	\$911,000	\$968,100	\$1,252,000	\$1,227,100
In-State Travel	20,900	19,500	14,400	16,400	16,400
Out of State Travel	51,500	67,600	58,100	60,400	60,400
Current Expense	2,859,800	2,944,500	4,065,400	3,839,900	2,914,600
DP Current Expense	33,600	28,100	27,100	19,300	19,300
Other Charges/Pass Thru	415,300	355,500	295,100	312,800	262,800
Total	\$4,299,400	\$4,326,200	\$5,428,200	\$5,500,800	\$4,500,600
FTE/Other					
Total FTE	19.0	20.0	21.0	24.0	24.0
Vehicles				2	2